

**STATE OF WASHINGTON  
OFFICE OF THE INSURANCE COMMISSIONER**

*In the Matter of*

**Bankers Standard Insurance  
Company,**

Authorized Insurer.

Order No. 15-0174

WAOIC No. 181

NAIC No. 18279

**CONSENT ORDER LEVYING  
A FINE**

This Consent Order Levying a Fine ("Order") is entered into by the Insurance Commissioner of the state of Washington ("Insurance Commissioner"), acting pursuant to the authority set forth in RCW 48.02.060, RCW 48.05.140 and RCW 48.05.185, and Bankers Standard Insurance Company. This Order is a public record and will be disseminated pursuant to Title 48 RCW and the Insurance Commissioner's policies and procedures.

**BASIS:**

1. Bankers Standard Insurance Company ("Bankers Standard" or "the Company") is an authorized insurer domiciled in Pennsylvania and duly authorized to engage in the business of insurance in the state of Washington since October 25, 1977. It sells casualty, disability, marine, property, surety and vehicle insurance.

2. During the first week of June 2014, ACE Group called the Office of the Insurance Commissioner ("OIC") Senior Actuary Lee Barclay to report that Bankers Standard Insurance Company (one of the insurers in ACE Group) had mistakenly used a nationwide Fair Isaac insurance scoring model instead of the Washington-specific Fair Isaac model that the Company had filed to use in Washington. It followed up by providing details in an email on June 6, 2014. The incorrect model was used to rate auto insurance policies from March 2010 until March 2014. It was also used to determine eligibility for

homeowners coverage from 2011 until 2014. The nationwide scoring model includes the following credit attributes that are not allowed for insurance scoring in Washington :

- Number of inquiries in the last year
- Percentage of installment loans outstanding to original loan amounts
- Number of bank revolving accounts where balance is 75% of limit
- Number of bank revolving accounts

3. After working with its vendor, Experian, to have the correct model used to score auto policyholders, the Company determined that it had undercharged policyholders by \$419,146 and had overcharged 26 policyholders by \$20,035. (The exact number of undercharged policyholders is unknown, but the undercharges involved 1,624 new and renewal policies.) The overcharged policyholders were issued refunds on May 14 and 15, 2015, along with interest calculated at 8% per annum. The total amount of interest paid was \$5,708.

4. RCW 48.19.035(2)(b) states that each insurer that uses credit history or an insurance score to determine personal insurance rates, premiums, or eligibility for coverage must file all rates and rating plans for that line of coverage with the Insurance Commissioner. This requirement applies equally to a single insurer and two or more affiliated insurers. RCW 48.19.040(5) applies to information filed under this subsection except that any eligibility rules or guidelines shall be withheld from public inspection under RCW 48.02.120(3) from the date that the information is filed and after it becomes effective.

5. RCW 48.19.040(6) states that where a filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect, except as is provided by RCW 48.19.090. [Waiver of filing does not apply here].

6. RCW 48.05.185 provides that after hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation, or refusal to renew any certificate of authority the Insurance Commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars.

## CONSENT TO ORDER:

The Insurance Commissioner of the state of Washington and the Company agree that the best interest of the public will be served by entering into this Order. NOW, THEREFORE, the Company consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle this matter in consideration of the Company's payment of a fine, and upon such terms and conditions as are set forth below:

1. The Company acknowledge its duty to comply fully with the applicable laws of the state of Washington.
2. The Company consents to the entry of this Order, waives any and all hearing or other procedural rights, and further administrative or judicial challenges to this Order.
3. By agreement of the parties, the Insurance Commissioner will impose a fine of \$25,000.00 (Twenty-five Thousand Dollars) to be paid by August 26, 2015.
4. The Company understands and agrees that any further failure to comply with the statutes and/or regulations that are the subject of this Order constitutes grounds for further penalties, which may be imposed in direct response to further violations.
5. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Company. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issue or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

EXECUTED this 11<sup>th</sup> day of August, 2015.

BANKERS STANDARD INSURANCE COMPANY

By: Audrey Samers

Printed Name: Audrey Samers

Printed Corporate Title: Deputy General Counsel, ACE WA

CONSENT ORDER LEVYING A FINE  
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3

Office of Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

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**AGREED ORDER:**

Pursuant to the foregoing factual Basis and Consent to Order, the Insurance Commissioner of the state of Washington hereby Orders as follows:

1. The Company shall pay a fine in the amount of \$25,000.00 (Twenty-five Thousand Dollars), receipt of which is hereby acknowledged by the Insurance Commissioner.

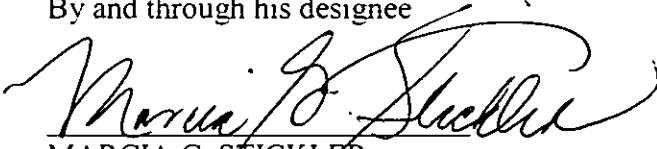
2. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Company. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issue or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

ENTERED at Tumwater, Washington, this 19<sup>th</sup> day of August, 2015.



MIKE KREIDLER  
Insurance Commissioner

By and through his designee



MARCIA G. STICKLER  
Insurance Enforcement Specialist  
Legal Affairs Division